

**IDAHO STATE TAX COMMISSION**  
**COMMISSIONERS' OPEN MEETING**  
**MINUTES OF MEETING HELD MARCH 5, 2014**

In attendance: Commissioners Richard W. Jackson, Tom Katsilometes, David R. Langhorst, and Ken A. Roberts; Michael Chakarun, Debbie Coulson, Valerie Dilley, Steve Fiscus, Roxanne Lopez, Robin O'Neill, Chuck Pond, Mark Poppler, Liz Rodosovich, Mike Teller, Randy Tilley, Doreen Warren, Bill von Tagen; Cynthia Adrian, Don Williams; George Brown, Chelsea Kidney, Erick Shaner, Phil Skinner, and Mat Cundiff; Joe Blades, Sam Merrick.

**Public Session.**

Commissioner Tom Katsilometes convened the open meeting.

**Presentation of Certificates of Service.**

Roxanne Lopez, Human Resources Officer, acknowledged the employees receiving a Certificate of Service, and stated how much their years of state service were appreciated.

The Certificate of Service recipients were: Joe Blades, IT Program System Specialist (Information Technology) for 10 years of state service; and Sam Merrick, Tax Auditor 3 (Audit) for 15 years of state service.

The absent recipients who will have their certificates presented at a later date are: Jenifer Johnson, Revenue Process Clerk (Revenue Operations), and Cherie Potter, Taxpayer Services Representative (Collections), both for 5 years of state service.

The Commissioners congratulated the recipients and said how the recipients' years of dedicated state service was commendable and the everyday work they do is appreciated.

**Business Requiring Vote of the Commission.**

Minutes: Open Meetings – February 5, 2014.

Commissioner Roberts moved that the minutes of the open meeting held on February 5, 2014, be approved. Chairman Jackson seconded. There were no comments or amendments. All voted in the affirmative, and the minutes of the open meeting were approved.

There was no more business requiring a vote of the Commission.

**Administrative Reports.**

Management Services, Mark Poppler.

Mark Poppler, Financial Officer, noted that thanks to the diligent efforts and support of the whole management team, much of the FY2015 Budget Request was approved at the Joint Finance & Appropriations Committee's (JFAC) budget setting session yesterday, March 4, 2014. This included \$200,000 towards the top priority this cycle, the Property Tax Software modernization project and official approval of the recent division split. All of the inflation request was funded, as well as most of the replacement request.

On the issue of CEC for employees, the approved budget includes a one percent ongoing and a one percent one-time salary increase. Also, how to absorb the budget's required net reduction of eight FTPs (full-time positions) will be a main topic of Thursday's Executive Leadership Team (ELT) meeting. The actual appropriation bill still needs to be written and approved by both houses and signed into law.

Mark does not expect the Refund Fund to run out of cash this year, but he will request permission to borrow up to \$20,000,000 again, out of an abundance of caution. The subcommittee of the Board of Examiners will consider the request for borrowing authority for the Refund Fund at its meeting next Tuesday, March 11, 2014. Mark expects it will be on the consent agenda for official approval for the actual Board meeting on March 18, 2014.

While the final Comparative Statement of Receipts and Distributions for the month of February will not be issued until Friday, Mark was anxious to report the preliminary results on just the two new tax types collected for the first time in February. For the City of Ketchum, a total of \$232,197.77 was received, and for the new E911 tax, a total of \$54,309.71 was received.

Commissioner Roberts asked how both the new tax types compared to the fiscal notes and if the revenues are enough to cover administration costs. Mark responded that the City of Ketchum's was as expected. The E911 fee revenue was low, but expected to go up as analyzed. It is not clear if the revenue will be enough to cover the costs of administration, after this first month. Doreen Warren noted that the E911 fee will need to be collected a full year before that is clear, since several large retailers have opted for the semi-annual filing cycle.

#### Revenue Operations, Doreen Warren.

Doreen Warren, Revenue Operations Division Administrator, reported that Revenue Operations (RO) is in the process of completing the International Fuel Tax Agreement (IFTA) renewal season. Beginning in November, RO mailed 3,417 IFTA renewal reminders. This week, with the end of the grace period, 191 accounts will be canceled for nonrenewal. This is the lowest number of cancellations in Doreen's 13 years' experience with this GenTax process. This took a coordinated effort between Valerie Clark in Revenue Operations, and Tarra Harris and Kim Shanks in Collections.

February 28 was the due date for employers to submit W-2s and Reconciliation returns. RO is working through the incoming mail and identifying educational opportunities with incomplete or incorrect W-2s. Issues identified range from incorrect EIN / permit numbers, reconciliation returns with no W-2s, missing reconciliation returns, and forms that indicate they have e-filed. Withholding returns and W-2s are one of our top priorities to process along with the incoming income tax returns. RO has permanent and temporary staff working to open, image, and correct the returns in error, with a target to complete the processing within 100 days of the due date for Collections to begin its activities.

Income tax is in full swing. As of Tuesday, March 4, 2014, RO received 301,464 individual income tax returns (270,489 e-filed). This is compared to 303,419 individual income tax returns and 263,912 e-filed last year. RO paid 152,539 refunds totaling \$84,482,618. This is compared to 150,348 for \$79,095,962 last year. RO currently has approximately 13,000 returns that are under review for business edits. Temporary and permanent employees are in place and working through the returns. RO also has the escalation process identified and is coordinating with the Tax Discovery Bureau (TDB) to identify fraudulent returns that are detected in the processing.

RO, Debbie Coulson, and the field office managers are moving forward with the project to implement full-page imaging in the field offices. The end of May is the target date for implementation.

Doreen and the GEM Project Team are actively managing the GenTax upgrade and are on target to begin system testing on April 15, 2014. Training will also have a kickoff with a meeting with supervisors on Monday, March 10, 2014. Commissioner Katsilometes asked for clarification on what will be ready for testing on April 15. Doreen responded that right now only burst testing is being done, but they will be able to test all the processes on April 15.

There were no more administrative reports.

## **Reports on Rules Committees.**

### Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules – Committee Chair, Cynthia Adrian.

Cynthia Adrian, Income Tax, Administration & Enforcement, Kilowatt, and Mine License Rules Committee Chair, reported that the committee is conducting preliminary discussions to determine which rules may need to be negotiated. The committee is also monitoring current legislation to see if any existing rules will be impacted.

There were no further questions.

### Motor and Special Fuels Tax Rules – Committee Chair, Don Williams.

Don Williams, the Motor and Special Fuels Tax Rules Committee Chair, reported that the technical correction bill H 364 was still in the Senate Transportation Committee. The Docket 35-0105-1301 of Rules was passed by both houses and will be in effect at the close of the legislative session. Commissioner Roberts briefly discussed the status of certain bills in the Legislature.

There were no questions.

### Sales Tax Administrative Rules – Committee Chair, McLean Russell.

McLean Russell, Sales Tax Administrative Rules Committee Chair, was absent since he was testifying at the Legislature. There was no Sales Tax Administrative Rules Committee report.

### Property Tax Rules – Committee Chair, Alan Dornfest.

Alan Dornfest, Property Tax Rules Committee Chair, was absent since he was testifying at the Legislature. There was no Property Tax Rules Committee report.

## **Other Business.**

Bill von Tagen, Lead Deputy Attorney General, presented This Day in History.

This Day in History, March 5:

#### **Birthdates**

1574 – William Oughtred – Mathematician, inventor of the slide rule

#### **Deaths**

1827 – Alessandro Volta – Italian physicist – inventor of the first battery

1953 – Josef Stalin – responsible for murder of 11 million of his countrymen

1983 – John Belushi – comedian

#### **News**

1770 – Boston massacre

1836 – Samuel Colt manufactured his first revolver pistol

1836 – Mexico attacks Alamo

1868 – stapler patented in England

1923 – Montana and Nevada become first states to enact old age pensions

1933 – Nazi Party wins majority in Reichstag with 43.9% of vote

1946 – Churchill's "Iron Curtain" speech

1970 – Nuclear Non-proliferation Treaty went into effect

## **#1 Song**

1966 – “Ballad of the Green Berets” sung by Saddler.

There was no other business.

## **Public Comments.**

There were no public comments.

## **Recess.**

Commissioner Katsilometes recessed the Public Session for five minutes to reconvene for the commissioners to meet with the Commission’s legal counsel.

## **Reconvene Meeting.**

Commissioner Katsilometes reconvened the open meeting.

## **Executive Session.**

Chairman Jackson moved to go into the Executive Session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party. Commissioner Langhorst seconded. A roll call vote was given by Valerie Dilley, Executive Administrative Assistant. Commissioners Jackson, Katsilometes, Langhorst, and Roberts all voted in favor and the motion passed.

The Commission met in executive session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party. No matters requiring a vote of the Commission resulted from the executive session.

## **Public Session.**

Commissioner Katsilometes declared the Executive Session ended and returned to the public session.

There being no further business, the meeting adjourned.

Valerie J. Dilley  
Secretary

Tom Katsilometes  
Chair